

General Services Customer Council Meeting

October 20, 2006

Members Present

Charlie Smithson, Ethics & Campaign Disclosure; John Baldwin, Dept. of Corrections; Jennifer St. John, DNR; Mary Jane Olney, Agriculture (via phone); Jim Chrisinger, DOM; Greg Anliker, Elder Affairs; Cindy Morton, Revenue; Margaret Thomson, Legislature; John Connors, Member of Public; Paul Carlson, DAS/GSE.

Members Absent

Major Darrel Cox – Excused
Marcia Spangler – Excused
Bob Straker – Excused
Peggy Sullivan

Others Present

Dale Schroeder, DAS/GSE; Tim Ryburn, DAS/GSE; Nancy Williams, DASGSE; Tera Harrington, DAS/GSE; Paula Newbrough, DAS/GSE; Barbara Bendon, DAS/GSE; Kathy Shannon, DAS/GSE; Lana Morrissey, DAS; Deb Madison-Levi, DAS; Laura Riordan, DAS; Patricia Lantz, DAS; Pat Mullenbach, DAS; Mark Willemssen, Legislature; Susie Madison, DHS; Paula Portz, Public Defense; Ken Paulsen, DAS/GSE; Wade Travis, HLSEM; Nancy Mohlis, DH; Pat Deluhery, DAS.

Call to Order

Meeting was called to order by Chairperson Charlie Smithson at 9:00a.m.

Roll Call

Member roll call taken by Secretary Nancy Williams

Election of Officers

Charlie Smithson sought nominations for a Chair and Vice-Chair for the upcoming year. John Connors asked both Charlie Smithson and John Baldwin if they would accept the position for the upcoming year. Both John and Charlie stated that if no one else wanted the positions, they would be willing to serve another term.

John Connors nominated Charlie Smithson to serve as the Chairman and John Baldwin to serve as Vice-Chairman for the GSE Customer Council for the upcoming year. Hearing no other nominations, Greg Anliker seconded the motion. Motion passed by voice vote.

Approve Minutes (June 23, 2006)

John Connors asked for clarification of Page Two, 2nd paragraph regarding bonuses and evaluation performances. It was noted bonuses are public information however performance evaluations are not public record. COO Carlson noted GSE did not pay any bonuses.

Greg Anliker moved to approve the minutes as presented. Margaret Thomson seconded the motion. Motion passed.

Announcements

None

Review of Bylaws

Charlie Smithson and Patricia Lantz (DAS Attorney) have discussed the inconsistencies between the by-laws and the rules. Charlie noted that the Customer Councils could make DAS' work easier if there were more uniformity in processes by all DAS Customer Councils. Charlie stated it seems that it would be easier to remove things such as a quorum out of the by-laws. There are also more than one Resolution Processes which the councils are using – some of those items should be uniform.

Margaret Thomson moved that the Chair at his discretion be authorized to file a Waiver having the DAS/GSE Customer Council quorum being 50% plus one. John Connors seconded the motion. Motion passed.

Mid-Term Rate Reductions

Paul Carlson distributed a summary of GSE rate reductions and savings since the beginning of FY'06. This gives you a chronology of what has been done and the value of various reductions. Today we are coming to you for items six through nine to ask for your approval to put in place four additional mid-term rate reductions as identified. Staff will give you a "snap-shot" of how this was able to be accomplished.

Item # 10 – FY'08 Overall Utility Rate Reductions. We have eleven utility rates and for FY'08 seven of those were reduced with amounted to approximately \$1.2 million dollars. We will also be presenting a marketplace reduction

Item # 6 – Ken Paulsen (representing Debbie O'Leary) with a Purchasing reduction. Ken Paulsen stated in FY'06 the utility fee paid by our customer agencies was reduced by \$300,000. Again, in May, 2006 it was announced that effective July 1, 2006 for FY'07 that it would be reduced by an additional \$200,000 for six months of the fiscal year. We are pleased to announce today, this trend will continue with an additional \$200,000 for FY'07 for the last eight months of the fiscal year.

The fee reduction has been made possible by our continued pursuit of vendor rebates. Vendor rebates are received from vendors based upon the volume of purchases without affecting the contract price paid by those agencies and political subdivisions. We continue to pursue those actively and work to continue to reduce our utility fees.

The question was asked if any of this was related to Strategic Sourcing, Ken noted this was a contributing factor since that continues to drive down the prices for not only the State but the political subdivisions. It can affect the rebates but as we continue to bring more vendors on board with the rebate program we can then stabilize that and hopefully increase the rebate level as well as reducing the utility fees. Ken stated the rebate program is not a new concept – the possibility of rebates has been out there for years. The difference is, we are aggressively going after it now.

The question was asked – about how much of the rebates are attributable to non-state government purchases. Ken stated is generally a 30% - 70% mix, 30% is based on state agency businesses and transactions and 70% on political subdivisions.

Item # 7 – Tim Ryburn discussed the Capitol Complex Maintenance – Ankeny Labs (Combined/one rate) – 6% reduction from November 2006 through June 2007. Tim reminded members last year we offered a rate reduction of about \$60,000 for the Ankeny Labs. With the new building, as we continue to understand how it operates, this year we are offering a \$38,000 reduction. This is from a couple areas as a result of our continued contract negotiations, supplies and materials, just in time purchases, etc.

Paul Carlson stated we are continuing to review our financial status and will be back in January with perhaps additional reductions.

Items # 8, # 9 and Motor Pool – Dale Schroeder. Dale stated in the Fleet Management area we are proposing a \$41,000 rate reduction. This has occurred by improving our processes and streamlining some of our administrative activities but primarily the reduction has come through scrutinizing our IT costs. We have gone through our IT billings for several months and reduced the number of reports as well as reducing the frequency of other reports that have cost us to maintain. There is savings in the office supply area, some savings in postage and communications.

Mail Services – Dale discussed a significant rate reduction of \$92,000. This savings relates back to the equipment purchases we had to make this year to comply with Federal Postal requirements which had to be

in place by December of this year. We rolled forward a balance of monies from prior years in anticipation of this large equipment purchase. We used WSCA pricing to purchase Hassler postage machines and New Mail Management System (which is an accounting system for postage), saving a considerable amount of money. Tying together with that we also realized savings in meter rentals and equipment maintenance through next year with the contracting for the new equipment. We are offering the balance that we did not use for reductions in that area.

Motor Pool – Dale stated we are reducing our rates six cents across the board for all vehicle classifications. This is due to fuel prices being significantly lower than we budgeted for and we are passing on savings in the depreciation cost area. For those of you who have fleet vehicles know that you pay a monthly depreciation charge to maintain those vehicles. Because of the cost of buying vehicles in the last couple of years, you may remember we reduced our depreciation rates the last two years in a row. This has come to about a 20% reduction over the last two years for the vehicle depreciation rates. Some of this is no doubt, due to Strategic Sourcing initiative – it has maintained stable pricing for vehicles. Combined with the fuel prices and the depreciation costs, we are passing on those savings.

Leased Space Savings – Barbara Bendon discussed that we have re-negotiated ten leases from fiscal year '06 and was able to generate over \$1 million dollars savings. The primary reason we were able to achieve the savings was by re-negotiating the leases for a longer term, we re-negotiated multiple leases at the same time rather than just one lease at a time. We started negotiations early and went back to the table again and again until we received the rate we needed. We also relocated one agency to another property and were able to reduce the rate as well as reduce the total square footage that was leased.

On the bottom of the summary page, you will notice it is more of a “cost avoidance”, we eliminated four leases which generated \$3.2 million dollar cost avoidance. Barbara stated we had four agencies we moved back to the Complex, we eliminated the lease completely.

Jim Chrisinger stated he wanted to compliment COO Carlson and his Administrators for continuing to work to provide the best cost, we really appreciate that. John Baldwin expressed the same reaction. Charlie Smithson stated he believed this is an example of DAS/GSE “gets it” – get’s what we are looking for and certainly makes the work of the Council easier. Charlie stated he was proud of the work DAS/GSE has done.

Cindy Morton made the motion for the proposed rate reductions as set out by DAS/GSE items six thru nine. Jim Chrisinger seconded the motion. Motion passed by roll-call vote. No nays.

Greg Anliker moved to direct Charlie Smithson to file a Petition of the rule that says rates have to be set by September 1. Margaret Thomson seconded the motion. Motion passed by voice vote,

Possible topics for next meeting

November meeting cancelled

December meeting – to be decided

Adjournment

Respectfully submitted,
Nancy Williams, DAS/GSE